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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

DIVISION OF
OIL, GAS AND MINING

m/23/007

IN RE:

NORTH LILY MINING COMPANY, INC.,
a Utah corporation,
EIN: 87-0159350

Bankruptcy No. 01-23068-EEB

Chapter 11

M.C. No. KMK-7

Debtor.

IN RE:

XERES TINTIC, LLC,
EIN: 84-1528808

Bankruptcy No. 01-23069-EEB

Chapter 11

Jointly Administered Under

Bankruptcy No. 01-23068-EEB

Debtor.

**NOTICE PURSUANT TO LOCAL BANKRUPTCY RULE 202
AND 4001 OF MOTION FOR APPROVAL OF RETAINER TO ACCOUNTANTS**

TO ALL PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that the movant named below has applied to this Court or is intending to take action as follows:

The Debtor has made Application to the Court for an order approving the Debtor's payment of a retainer to its accountant, Hein & Associates, LLP, in the amount of \$19,500. The Debtor has filed an Application to Employ Accountant for an Audit for the year ended December, 2000, and for a Review of the Debtor's interim financial statements for the periods within the year ended December 2001. The retainer, once approved, will secure any fees and costs incurred post-petition by the Debtor and approved by the Court. All fees and costs will be subject to Court approval. A copy of the pleading is available for inspection in the Bankruptcy Court Clerk's Office, 721 -19th Street, First Floor, Denver, Colorado 80202, or upon request from the undersigned attorney.

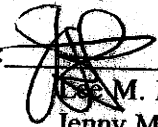
Pursuant to Rule 202 of the Local Rules of Bankruptcy Procedure, if you desire to oppose this action you must file a written objection and request for a hearing with the Court on or before **APRIL 12, 2002** and serve a copy thereof on the undersigned attorney. Objections and requests for hearing shall clearly specify the grounds upon which they are based, including the citation of supporting legal authority, if any. General objections will not be considered by the Court.

In the absence of a timely and substantiated objection and request for hearing by an interested party, the Court may approve or grant the aforementioned application without any further notice to creditors or other interested parties.

Dated: March 20, 2002

Respectfully submitted,

By:


M. Kutner (#10966)
Jenny M.F. Fujii (#30091)

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

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| IN RE: |) | |
| |) | Bankruptcy No. 01-23068-EEB |
| NORTH LILY MINING COMPANY, INC., |) | |
| a Utah corporation, |) | Chapter 11 |
| EIN: 87-0159350 |) | |
| |) | M.C. No. KMK-7 |
| Debtor. |) | |
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| XERES TINTIC, LLC, |) | Chapter 11 |
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| |) | Jointly Administered Under |
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| |) | Chapter 11 |

MOTION FOR APPROVAL OF RETAINER TO ACCOUNTANTS

The Debtor, North Lily Mining Company, Inc., by and through its attorneys, Kutner Miller Kearns, P.C., moves the Court for an Order approving the Debtor's payment of a retainer to Debtor's accountant, Hein & Associates, LLP, and as grounds therefor states as follows:

1. The Debtor filed its bankruptcy case pursuant to Chapter 11 of the Bankruptcy Code on September 6, 2001 and the Debtor remains a Debtor-in-Possession.
2. The Debtor has filed Application to Retain Accountant Pursuant to 11 U.S.C. §327 ("Application") simultaneously with this Motion. The Debtor wishes to retain Hein & Associates, LLP ("Hein") for the purposes of auditing the Debtor's consolidated financial statements as of December 31, 2000, and for the year then ended, and evaluate the fairness of presentation of the financial statements in conformity with generally accepted accounting principles ("Audit"). Hein will also review the Debtor's interim financial statements for the periods within the year ended December, 2001 ("Review"). The Debtor is a publically traded company. The Audit is necessary for the Debtor's reporting requirements to the Securities Exchange Commission ("SEC") and will be included in the Debtor's Form 10-K for the year

ended December, 2000. The Review is also necessary for the Debtor's reporting requirements to the SEC and will be included in its Form 10-Q for the periods within the year ended December, 2001.

3. Hein & Associates, LLP will bill for its services on an hourly basis, as set forth in the Application. Hein & Associates, LLP has requested a retainer in the amount of \$13,500 for the Audit and \$6,000 for the Review. A total retainer of \$19,500 is required by Hein prior to commencement of the work.

4. The payment of a retainer is consistent with 11 U.S.C. Section 328 and is a reasonable basis for employment. Given the nature of this case, the fees and costs may exceed the amount of the retainer. Since the retainer will secure post-petition fees and costs as they are incurred and approved by the Court, the approval of the retainer may be governed by 11 U.S.C. Sections 363 and 364(c)(2). Therefore, notice is being provided to creditors under Local Rule 202 and Bankruptcy Rules 2002 and 4001.

5. It is in the best interests of the Debtor and the estate to retain an accountant, and the employment of Hein & Associates, LLP was based upon payment of the described retainer.

WHEREFORE, the Debtor prays that the Court make and enter orders, after notice with opportunity for a hearing, approving the Debtor's payment of the retainer described herein, and for such further and additional relief as to the Court may appear proper.

Dated: March 19, 2002

Respectfully submitted,

By: 

Lee M. Kutner (#10966)

Jenny M.F. Fujii (#30091)

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ORDER APPROVING PAYMENT OF RETAINER

This matter having come before the Court on the Motion of the Debtor, North Lily Mining Company, Inc., praying for approval of a retainer to the Debtor's accountant, Hein & Associates, LLP, notice of the retainer having been provided to creditors and parties in interest and no objections having been received, the Court does hereby

ORDER

1. That the Debtor's payment of a retainer in the amount of \$19,500 to Hein & Associates, LLP is approved; and

2. That Hein & Associates, LLP's fees and costs advanced are subject to allowance by the Court upon filing of appropriate fee applications on notice to creditors, prior to any draw against the retainer.

Done and entered this ____ day of April, 2002 at Denver, Colorado.

Judge Elizabeth E. Brown
United States Bankruptcy Court

CERTIFICATE OF MAILING

I do hereby certify that on this 20th day of March, 2002 a true and correct copy of the foregoing **MOTION FOR APPROVAL OF RETAINER TO ACCOUNTANTS and NOTICE PURSUANT TO LOCAL BANKRUPTCY RULE 202 AND 4001 OF MOTION FOR APPROVAL OF RETAINER TO ACCOUNTANTS** was deposited in the United States mail, postage prepaid, addressed to those parties appearing on **Limited Service List No. 15, Dated March 15, 2002.**



Lorri Parker